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RV BUSINESS

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RV Industry Shares in Wall Street's Woes

As a market sector especially sensitive to the psychological outlook of the American consumer, the recreational vehicle industry can only view the recent stock-market plunge as bad news. Just how badly the American consumer's confidence has been bruised, however, remains to be seen.

Wall Street analysts pointed out that the performance of RV stocks, prior to the recent market turmoil, was "mediocre at best." Yet, starting Oct. 16, the New York Stock Exchange gave RV stocks a real roller-coaster ride.

Seven of the eight RV-related stocks tracked had set 52-week lows by presstime on Oct. 26. The prices of those eight stocks, all but one of which (Vyquest Inc. on AMEX) is listed on the New York Stock Exchange, had dropped an average of 34% between closing on Oct. 15 and the end of trading on Monday, Oct. 26.

Registering the weakest performance of the eight was Thor Industries Inc., Jackson Center, Ohio, which recently announced record sales and earnings for its fiscal year. Thor watched its stock dip 39.3%, falling from 22¼ to 13½ points, between Oct. 15 and 26.

Harley-Davidson Inc. stock, a popular investment since Harley purchased Holiday Rambler Corp., Wakarusa, Ind., last year, fell 38.8% during that time. Not far behind was Vyquest Inc.,

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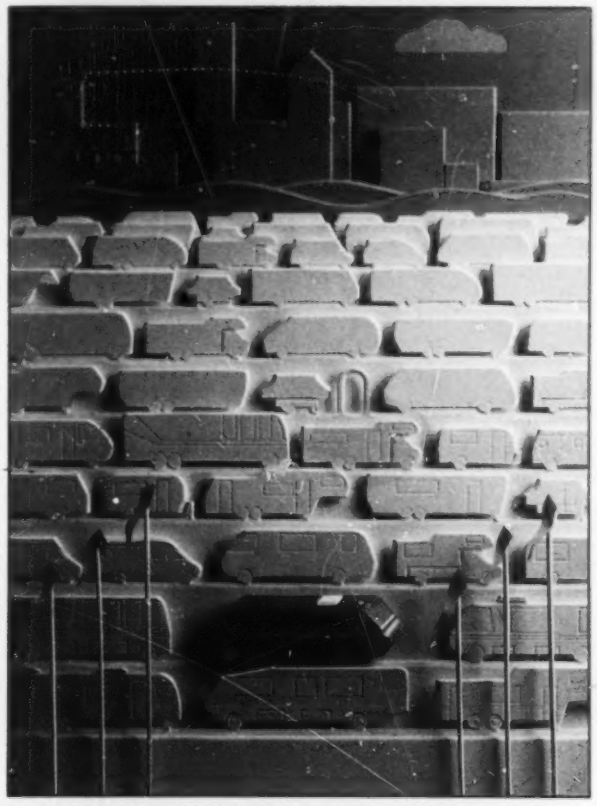

STANDING OUT AT A SHOW: Exhibitors at the 25th Annual National RV Trade Show in Louisville share some of their display strategies for making a stand-out impression. See page 32.

RV Interest Deduction May Be Axed

Congress had given a split decision at presstime on whether or not RVs would be allowed to maintain their status as second homes with deductible interest payments. The fate of deductibility awaited the outcome of an "economic summit" convened by President Reagan and Congress in the wake of Wall Street's panic.

The House Ways and Means Committee voted on Oct. 15 to eliminate the interest deduction for RVs and boats from a $12 billion tax package subsequently passed. Proponents argued that the government could earn as much as $50 million in extra revenue a year by dropping the deduction. But, on Oct. 16, the Senate Finance Committee voted to retain the deduction in its tax package.

However, according to Derrick Crandall, president of the American Recreation Coalition,

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Holiday of Orlando Goes Public, Sells 2.3 Million Shares

Despite the uncertainty of a careening stock market, Holiday RV Superstores Inc., Orlando, Fla., formerly known as Holiday of Orlando Inc., successfully launched an initial 2.3 million-share public stock offering on Oct. 27.

The 10-year-old company, which operates RV dealerships and an RV-leasing business in Orlando and Tampa, Fla., thus apparently has become the first RV dealership that is also *marketed* as a dealership to be listed on any U.S. stock exchange.

The stock issuance was actually oversubscribed; some 3,000 small investors, many of them current customers, purchased 2 million shares—plus an extra allotment of 300,000 shares—in a matter of hours, according to sources close to the stock offering.

At the initial offering price of $2.25 per share—and after deducting costs of the underwriter, Thomas James Associates Inc., Rochester, N.Y.—the stock-sale proceeds should total $4.4 million, said sources. Holiday RV Superstores, which has posted in excess of $20 million in annual revenues, has said it intends to use a substantial portion of the proceeds of the offering to start additional dealerships in Florida and Georgia.

Company co-founder Newton C. Kindlund, 47, president and chairman, and his 38-year-old wife, Joanne M. Kindlund—who is also vice president, secretary

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NOV. 27, 1987 TWO DOLLARS

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PAPER SCULPTURE: ROBERT LAMARCHE COVER PHOTO: HOWARD GOLDSTEIN

SEPTEMBER SALES DISAPPOINT DEALERS

GAYLORD MAXWELL

September was not one of this year's better months for retail sales. For the first time in a very long time, the dollars taken in for the month by members of the Dealer Advisory Board (DAB) were fewer than those of the corresponding month last year. Almost half of members' dollar sales were down.

New-unit sales slid several percentage points; three of the five types were down. Profits, too, suffered some but were still rated as generally fair to good.

Although the monthly averages were down several points, the year-to-date picture was still bright. Only three members of the DAB were down in dollars for the year-to-date. (One closed a second lot at the beginning of this year, and the other two were off only slightly.) The totals were still up for both new and used units. Used sales remained exceptionally strong, and profits were equally robust.

The service and accessory business was good in September. Most members of the DAB rated sales in that category as being excellent to good. Gross profits were said to be fair to good, as were nets. Only one dealer reported that his monthly net was poor, and three said theirs were excellent.

Inventories seemed to be in good shape for most dealers, although a few members of the DAB rated their new stock on the high side. In used units, it seemed that shortages were more common than overages.

Although it was not a month for most dealers to crow about, neither was there widespread lamentation. Most dealers realize that there will be some ups and downs, and they are now more prepared to cope with the bumps than they used to be.

Motorhomes

New motorhomes managed to stay in the plus column for the month. With the exception of a couple of large dealers who had substantial drops, most dealers had figures fairly close to those of last year. Year-to-date, this category had the highest percentage increase of any RV type.

Profits were generally rated fair to good, but there were a few excellent marks.

Travel Trailers

During September, new units moved much more slowly this year than last. The 21% drop was the steepest we've seen in that category in a long time. Even used sales were off. However, it wasn't an across-the-board type of decline. The DAB was about evenly split between those who were up and those who were down. But, those in the down category had more substantial decreases.

Year-to-date, the gap between the sales total of last year and that of this year was rapidly closing.

Even though sales were down, grosses were still rated as good.

Truck Campers

Both new- and used-camper sales were almost identical to those of last September, with a variation of only one in each category. Year-to-date, both categories were in the plus column. Profits for the month were reported to be excellent.

Camping Trailers

The drop of 10 units by one fold-down specialist on the DAB was enough to put this category slightly behind for not only the month but for the year-to-date. Otherwise, most dealers who stock this type reported figures almost identical to those of last September.

Quite surprisingly, although profits were predictably weak for several dealers of this type, others rated them as excellent.

Fifth-wheels

In terms of percentages, this RV type took the hardest beating in September, according to our DAB. New-unit sales dropped into the minus category for the year-to-date. However, although used sales were weak for the month, they were very definitely quite strong in the overall picture.

Fifth-wheel profits were very mixed, with ratings ranging all the way from excellent to poor. Δ

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	SEPT. 1987	SEPT. 1986	% CHANGE	1987	1986	% CHANGE	SEPT. 1987	SEPT. 1986	% CHANGE	1987	1986	% CHANGE
MOTORHOMES	130	127	+ 2	1,218	1,120	+ 9	121	113	+ 7	1,209	1,148	+ 5
TRAVEL TRAILERS	81	103	−21	977	949	+ 3	89	98	− 9	884	875	+ 1
TRUCK CAMPERS	17	16	+ 6	188	174	+ 8	9	10	−10	106	96	+10
CAMPING TRAILERS	55	65	−15	962	969	− 1	27	14	+93	308	304	+ 1
FIFTH-WHEELS	19	26	−27	230	235	− 2	11	16	−31	156	120	+30

	FOR MONTH			YEAR-TO-DATE		
	SEPT. 1987	SEPT. 1986	% CHANGE	1987	1986	% CHANGE
SALES VOLUME	$10,419,979	$10,766,535	− 3	$105,415,049	$96,633,078	+ 9
TOTAL UNIT SALES	559	588	− 5	6,238	5,790	+ 8
NEW-UNIT SALES	302	337	−10	3,575	3,447	+ 4
USED-UNIT SALES	257	251	+ 2	2,663	2,343	+14

The "DAB Perspective" is a compilation of data provided by *RV Business*' Dealer Advisory Board (DAB), a group comprised of 24 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Allman,** Baldwin Park, Calif.; **Annette Autry-Miller,** Fayetteville, N.C.; **Robert Azevedo,** Sunnyvale, Calif.; **Jack Cole,** North Hollywood, Calif.; **Dick Dawson,** Victor, N.Y.; **Bill De Groot,** Junction City, Ore.; **Crosby Forrest,** Newport News, Va.; **Danny Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Dottie Helgeson,** Seattle, Wash.; **Newton Kindlund,** Orlando, Fla.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Jack Moran,** Warwick, R.I.; **Mike Peay,** Albuquerque, N.M.; **Edward Peterson,** Lafayette, Ind.; **William Pfile,** Warren, Mich.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Simmons,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Fran Van Pelt,** Aurora, Ill.; **Larry Wasinburg,** Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.